

Module 6 Simulation

Identifying Filing Status, Dependents, and Exemptions

1 2 3 4 5 6 7 8 9 10 11 12 13



In this simulation, you will take on the role of Alicia Garcia in order to complete the Label, Filing Status, and Exemptions sections of your tax return.

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You are married to Jose Garcia. You are both U.S. citizens and you live in the United States. You have an infant daughter, Maria.

You are employed as a teacher. Jose works as an accountant.

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It's the end of the tax year. Your Form W-2 shows that you earned \$33,855 from your job.

Jose's W-2 shows that he earned \$60,911 from his job.

You and Jose provided all of the support for Maria during the year.

When preparing your return, make choices that result in the lowest tax.

To review your personal information, click ***My Profile*** below.

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Name: Alicia Garcia

Employment: Teacher

Marital status: Married

Spouse's name (if any): Jose Garcia, accountant

Children: Maria, infant

U.S. citizen: Yes

Other: You and Jose provided all of the support for Maria during the year. No other person can claim you or Jose as a dependent on their tax return.

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Your filing status can be married filing joint or married filing separate.
Which filing status do you want to choose?

- ☒ Married filing joint
- ☐ Married filing separate

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January 1 Your Tax Year December 31 January 1 Your Filing Season April 15

Are the Exemption & Qualifying Child Tests Met for Maria Garcia?

Dependent Taxpayer Test	<input type="radio"/> yes	<input type="radio"/> no	
Citizenship or Resident Test	<input type="radio"/> yes	<input type="radio"/> no	
Joint Return Test	<input type="radio"/> yes	<input type="radio"/> no	
Relationship Test	<input type="radio"/> yes	<input type="radio"/> no	
Support Test	<input type="radio"/> yes	<input type="radio"/> no	
Age Test	<input type="radio"/> yes	<input type="radio"/> no	
Residency Test	<input type="radio"/> yes	<input type="radio"/> no	
Special Test for Qualifying Child of More Than One Person	<input type="radio"/> yes	<input type="radio"/> no	<input type="radio"/> does not apply

Can you claim Maria as a dependent on your tax return?

☐ yes ☐ no

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Review the Label, Filing Status, and Exemptions sections of your tax return by clicking ***My Tax Form*** at the bottom of the screen. You will file Form 1040 because you have a dependent. Then, click the forward arrow below to continue.

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Label

(See instructions on page 16.)

Use the IRS label.

Otherwise, please print or type.

Presidential

Election Campaign

L
A
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L

H
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E

For the year Jan. 1–Dec. 31, 2007, or other tax year beginning , 2007, ending , 20

OMB No. 1545-0074

Your first name and initial

Alicia H.

Last name

Garcia

Your social security number

222 00 9513

If a joint return, spouse's first name and initial

Jose F.

Last name

Garcia

Spouse's social security number

222 00 2389

Home address (number and street). If you have a P.O. box, see page 16.

5560 Moraine Blvd.

Apt. no.

▲ You must enter your SSN(s) above. ▲

City, town or post office, state, and ZIP code. If you have a foreign address, see page 16.

Anytown, US 10011

Checking a box below will not change your tax or refund.

Check here if you, or your spouse if filing jointly, want \$3 to go to this fund (see page 16) ▶

☐ You ☐ Spouse

Filing Status

Check only one box.

1 ☐ Single2 ☒ Married filing jointly (even if only one had income)3 ☐ Married filing separately. Enter spouse's SSN above and full name here. ▶4 ☐ Head of household (with qualifying person). (See page 17.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶5 ☐ Qualifying widow(er) with dependent child (see page 17)

Exemptions

If more than four dependents, see page 19.

6a ☒ Yourself. If someone can claim you as a dependent, do not check box 6ab ☒ Spouse

c Dependents:

(1) First name Last name
Maria M. Garcia(2) Dependent's social security number
222 00 7531(3) Dependent's relationship to you
daughter(4) ☒ If qualifying child for child tax credit (see page 19)

Boxes checked on 6a and 6b

No. of children on 6c who:

• lived with you 1
• did not live with you due to divorce or separation (see page 20)

Dependents on 6c not entered above

Add numbers on lines above ▶ 3

d Total number of exemptions claimed

Income

Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.

If you did not get a W-2, see page 23.

Enclose, but do not attach, any payment. Also, please use Form 1040-V.

- 7 Wages, salaries, tips, etc. Attach Form(s) W-2
- 8a Taxable interest. Attach Schedule B if required
- b Tax-exempt interest. Do not include on line 8a
- 8b
- 9a Ordinary dividends. Attach Schedule B if required
- b Qualified dividends (see page 23)
- 9b
- 10 Taxable refunds, credits, or offsets of state and local income taxes (see page 24)
- 11 Alimony received
- 12 Business income or (loss). Attach Schedule C or C-EZ
- 13 Capital gain or (loss). Attach Schedule D if required. If not required, check here ▶ ☐
- 14 Other gains or (losses). Attach Form 4797
- 15a IRA distributions
- 15b Taxable amount (see page 25)
- 16a Pensions and annuities
- 16b Taxable amount (see page 26)
- 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E
- 18 Farm income or (loss). Attach Schedule F
- 19 Unemployment compensation
- 20a Social security benefits
- 20b Taxable amount (see page 27)
- 21 Other income. List type and amount (see page 29)
- 22 Add the amounts in the far right column for lines 7 through 21. This is your total income ▶

Adjusted Gross Income

- 23 Educator expenses (see page XX)
- 24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ
- 25 Health savings account deduction. Attach Form 8889
- 26 Moving expenses. Attach Form 3903
- 27 One-half of self-employment tax. Attach Schedule SE
- 28 Self-employed SEP, SIMPLE, and qualified plans
- 29 Self-employed health insurance deduction (see page 29)
- 30 Penalty on early withdrawal of savings
- 31a Alimony paid b Recipient's SSN ▶
- 32 IRA deduction (see page 31)
- 33 Student loan interest deduction (see page 33)
- 34 Tuition and fees deduction. Attach Form 8917
- 35 Domestic production activities deduction. Attach Form 8903
- 36 Add lines 23 through 31a and 32 through 35
- 37 Subtract line 36 from line 22. This is your adjusted gross income ▶

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How many exemptions are you claiming?

Enter total number of exemptions:

Hint: See Line 6d on Form 1040.

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Yes! You are correct. Line 6d shows that you are claiming three exemptions, one each for yourself, Jose, and Maria.

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How does each exemption affect taxable income?

- ☐ Increases taxable income
- ☒ Decreases taxable income
- ☐ No effect on taxable income

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That's correct! Each exemption decreases taxable income by the exemption amount.

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Congratulations, Alicia! You've successfully completed the Label, Filing Status, and Exemptions sections of your tax return.

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